

# Old and New Towns in Hungary

## (The Results of the Comparative Analyses)

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### Specificities of the historical background

The characteristics and the various ways of urban development have been studied from many aspects. This chapter seeks to find out how the new towns' situation has changed compared to the old towns in the period since the regime change. Which factors played a key role in this change, which ones were marginal, and to what extent can it be demonstrated that the difference between the two groups (old towns and new towns) can be used as a basis for a new development model for new towns<sup>1</sup>. The study explores<sup>2</sup> the overall changes of the past decade through the sample of 11 old and 11 new towns, mainly relying on statistical data from the CSO (Table 18).

Table 18: Sample settlements

New (industrial) towns		
Ajka	Oroszlány	Tatabánya
Dunaújváros	Ózd	Tiszaújváros
Kazincbarcika	Paks	Várpalota
Komló	Százhalombatta	
Old towns		
Baja	Gyöngyös	Szekszárd
Dombóvár	Eger	Szentendre
Eger	Mohács	Tata
Esztergom	Pápa	

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<sup>2</sup> A települések kiválasztásának módját a módszertani fejezet tartalmazza. nem tudom, hogy lesz-e ilyen?

The study's first goal is to uncover the different historical roots and find out the extent of urban characteristics present in the town groups examined at the start of social modernisation -- in other words the basis the socialist planned economy was later built on. The starting point is the end of the 1800s as this was the period when most Hungarian settlements underwent a significant development, evolving from small towns to medium-sized ones.

Settlements in the old town group were mostly traditional small towns in the 1870s and 1880s, (with their 9-20 thousand population). Four settlements fell outside this group. Compared to the others, two of them were of considerable importance: Baja with a population of 20,000 and Eger, the episcopal seat, which were medium-sized towns. Two settlements were not yet towns: in this period Szentendre and Dombóvár were villages with population between 3 and 5 thousand. The (predecessor settlements of) new towns can be divided into two groups: villages and small towns with 3-6 thousand residents and small villages with 900-1,500 residents. In the 1800s several settlements rose to the rank of town due to the beginnings of the formation of civil society. However, all of these are old towns, as the development of several new towns started with delay.

The major driving force of development in the 1870s was the extraction and processing of raw materials, as well as trade on sea, rivers, and rail. Later on large-scale industrial production was built on this between 1900 and 1939. Rapid industrial development was accompanied by significant population growth, which slowly brought the two groups together. While the population figures of the old town group were 4.5 times higher than that of the new town group's, this difference shrank significantly by 1930 to 2.7-fold. Despite this, new towns only received the rank of town under the socialist regime, thanks to forced industrialisation.

Industrialisation and population growth transformed the structure of settlements as well. Cities saw the appearance of urban institutions, and they became centres that provided services to their surroundings. Villages also began to transform, which was naturally less significant and of a different scale. It can be said that despite the fact that a few of the settlements we studied have developed in a slightly different way than others, but on an overall level each settlement of the new towns' and old towns' group started with different heritages. Old towns were all settlements with middle class population that was growing along with the booming trade and industry of the

late 1800s. They had institutions typical of small and mid-sized towns, as well as services, trade and industry, which continued to rapidly develop after the turn of the century. The towns' historic areas mostly went on to become today's city centres, the majority of public service institutions built then, are still operating today. Although their development was temporarily halted by World War II but it continued later, building on the foundations laid earlier.

The group of new towns (or their predecessors) is more heterogeneous. It can be divided into three groups. One part consists of settlements which were already municipalities or small towns at the end of the 1800s, whose growth was stimulated by the construction of railways, the extraction of raw materials, and the industry built thereupon (Ajka, Kazincbarcika, Komló, Oroszlány, Ózd, Tatabánya). Socialist industrialisation after World War II built upon these foundations when restarting and expanding industrial activity and creating large cities. Among other factors this was facilitated by mergers with surrounding communities.

The second group consists of municipalities without any industrial or urban past. Their urbanisation was solely due to the forced industrialisation in the socialist period and its "greenfield" investments (such as e.g. Dunaújváros), or due to later but of similar nature industrial developments (Százhalombatta, Tiszaújváros).

The third group consists of towns whose civilian origins (apparent in its urban structure) were destroyed during the war. Here the structure of socialist heavy industry was built upon former industrial structures. Várpalota is such an example, which in the 1800s had a significant number of Jewish craftsmen who boosted the town's development, and saw the establishment of coal mining and a power station in the early 1900s. Another example is Paks, where civic development based on Jewish trade also created the historic city centre with its typical institutions. However, due to the devastation of war and the socialist industrial policy, none of the towns could continue their traditional development. Instead, they entered a new kind of development phase.

## **Impacts of socialist development policy (1945-1989)**

The biggest difference between the two town groups is in their historical embeddedness (their urban structures and institutional systems). Namely, old towns have a long history of urban legal status and of fulfilling central functions. This history can be observed in the development of their structures in the form of a historic city centre which still bears the architectural features of the second half of the 19th century. New towns lack these features, either because they have not been formed, or because they were destroyed during the war. These settlements (at least as "new", "socialist" cities) are not the results of an organic development but were artificially created to facilitate contemporary political goals. The "inventors" therefore did not take into account any historic roots (if there were such), apart from their industrial history. In line with contemporary city planning practices, industrial cities either were built from scratch or were built on the foundations of old towns or were created by merging smaller, insignificant municipalities. (*Weiner et al, 1959 via Wehner, 2007*).

From the moment of their appearance, new towns have been "synonymous with modernity" (*Germuska, 2004. p. 21*) as well as being scenes facilitating the spread of socialist lifestyle. Carefully planned work and residential areas were built (often as greenfield investments), creating the socialist industrial town, which (among other things) served as a "monumental tool for propaganda" (*Germuska, 2004. p. 20*). As such, new towns generally received much more development resources from the state than traditional (industrial) towns.

Settlements can be divided into three groups by their type of development: (1) In Komló mining was further developed, while in Ajka, Tatabánya, Ózd, Várpalota, the scope of already existing industry was extended. Industrialisation in Dunaújváros, Paks, Tiszaújváros and Százhalombatta was not based on historic industrial roots but was carried out on higher orders. The construction of Dunaújváros (Danube Ironworks) began as a completely greenfield project near two smaller municipalities which were later integrated, and this was also the case with Tiszaújváros (TVK). Here town and industry occupy the "same space", which significantly determines space utilization. Industry was established as linked to the settlements (but not built seamlessly next to them) in Százhalombatta (Danube Refinery) and Paks (Paks

Nuclear Power Plant), with some delay after the aforementioned two towns, in the late 1960s and early 1970s. Here, industry shaped the town's structure mainly through housing construction for the essential labour force, and through growing services.

### *The transformation of the urban structure*

An important symbolic step in the establishment of industrial towns was the raise of their ranks to township<sup>3</sup>: their elevation from municipality to town usually happened in the late 1940s and early 1950s when several smaller neighbouring settlements were integrated into the territory of the burgeoning towns<sup>4</sup>. The second step that could also be considered symbolic was the mass construction of new, modern housing estates. Contemporary politics viewed housing estates as a means of reducing inequality between different social strata (among other things). Ideologists believed that environment can shape personality, so creating the socialist person requires the creation of a suitable socialist living environment. "The panel building system is now considered to be the primary element shaping the environment, and its role and importance will only grow. It is understandable, then, that the open or closed nature of the system, its orientation towards production, modularity and function can fundamentally affect our environment's shape, usability, and through these, the well-being of our society. (...) All this is still only consequence and a means. The end toward which this development must be implemented is to create spaces (both interior and exterior spaces) for social movements which can enable the massive spread of the socialist way of life." (*Barna*, 1978, pp.35-36.)

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<sup>3</sup>In the socialist period the only municipalities given town status were those which played an important role in fulfilling national economic plans. As such, awarding town rank fulfilled a political role, since with it came a more favourable position in centralised redistribution. 8 of the 13 settlements uplifted to the rank of town between 1945 and 1960 were industrial townships. This eased in the 1970s and 1980s when a settlement did not have to industrialise to become a town (old towns and holiday resorts could also be granted this rank) (The number of cities also surged in the 1990s, and this growth has continued in the last two decades: according to statistics, there were 52 cities in Hungary in 1945, while in 1990 this number was 166, and 328 in 2015.)

<sup>4</sup>Settlements belonging to old towns were somewhat slower to be granted city status. This was often preceded by the merger of the old urban area and the so-called "new estates", or the administrative inclusion of outlying areas (Dombóvár only became a town in 1970, and Szentendre increased its territory in 1979 by absorbing its outskirts areas).

Although new (industrial) towns were a showcase for socialism, the other reasons behind the construction of housing estates were the housing shortage, the increasing number of workers requiring housing, and the interests of prefabricated block manufacturers (*Szirmai, 1988*). All this is clearly indicated by the fact that their construction was not limited to these areas only. The nationwide housing shortage required massive, rapid and if possible, cheap construction of compact urban housing. As a result more than 700,000 housing estate flats were built between 1945 and 1996. The construction of housing estates was accelerated by the spread of panel block technology. Between 1961 and 1992 a total of 507,870 panel flats were built (191,221 in Budapest and 316,649 elsewhere in the country) (*Tóth, 1996. p. 22*). The openly admitted goal was to settle down the majority of the population in modern housing estates with the improvement of the country's financial situation (*Pusztai, 1980*).

The spread of these estates can be seen in the growth of the housing stock in the two town groups we examined. The construction of new towns already began in the 1950s, and after the decision to deploy industry, it was followed by the renovation of industrial facilities (or construction of new ones), along with the construction of modern housing estates suitable for their future employees. All power was concentrated on the construction of new (industrial) towns, which overshadowed the development of old towns. For this reason, housing stock built in this era only makes up 21.7% of the total in Kazincbarcika, and only 7% in Baja. However, in Százhalombatta practically "nothing" was built in the 1950s, as the power plant's further development was only approved in the mid-1960s, so 18.7% of housing comes from the second half of the 1960s, and 47.8% from the 1970s. Looking at the period between 1960 and 1989 we can see no difference (this is due to delays in deploying heavy industry), as the housing stock built in both town groups in this period makes up 70% of the total (Table 19).

Table 19: Distribution of housing stock in 1989, by year of construction (%).

	<b>before 1919</b>	<b>1920-1944</b>	<b>1945-1959</b>	<b>1960-1989</b>
new town	3.0	4.1	21.0	71.8
old town	13.0	8.9	8.1	70.0

Source: The author's own work edition based on CSO Statistical Yearbooks

### *Population growth*

Large-scale housing construction was, naturally, associated with a significant population growth. Accordingly, the population of old towns grew at a lower rate than in new towns. The size ratio between the two town groups shrank from 2.7 in 1930 to 1.3 in the 1960s, and 1.1 in 1970, then stagnating until 1989. With this the difference in population sizes between the two groups vanished almost completely.

The structure of towns was drastically altered by industrial and housing projects. The intensity and the pattern of this transformation were different in the two town groups. The impact of strategic decisions by the socialist building industry was different in the two groups as well. This difference became apparent by the placement of housing estates within the urban structure, their numbers, and the size and composition of their population. All of these factors were significant in altering (or creating) the cityscape. In the case of new towns we can find examples for both cases. After World War II none of the settlements in this group had a functioning centre with urban characteristics (the centres of Várpalota and Paks, two towns with previous urban characteristics, were more or less destroyed in the war). In the case of other settlements<sup>5</sup> the town was actually created through the construction of housing estates (e.g. in Dunaújváros, formerly Sztálinváros)<sup>6</sup>, along with the majority of the urban structure, including the centre (for instance, in Ajka the building of housing estates in the city centre was started in the 1970s). Public institutions that also functionally transformed the settlement into a town and a service centre for neighbouring settlements were also built at that time (such as city councils, community centres, city hotels and department stores).

Old towns usually did not become "citadels" of socialist heavy industry<sup>7</sup>. Nevertheless, some industry was deployed along with housing estates in almost all of them. However, the historical urban structure was not significantly changed, with the historic centre often left intact. To some extent these towns were at a disadvantage in

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<sup>5</sup> As we have seen, a significant number of these settlements were created by pooling villages or through "greenfield" construction projects.

<sup>6</sup> During the socialist period, cities were often created entirely from scratch. In the area of the former Soviet Union 20 such cities were built every year on average (Rubanenko, 1976).

<sup>7</sup> For instance, due to the deteriorating Soviet-Yugoslav relations, which led to weakened Hungarian-Yugoslav relations, Mohács "escaped" the deployment of the ironworks, and through this, from the socialist way of urban development.

terms of development during the socialist period (as with e.g. Pápa), which turned to their advantage after the regime change.

The formation of the old towns' historic centres was practically completed in the 1930s. The most important public buildings of this era were village halls, industrial guilds, schools, churches, theatres, open-air baths and cafes. During the socialist period, a part of the old city centres fell victim to developments, and housing estates were built in the ring around the centre. Although the number of housing estates built in old towns was 1.6 times that of those built in new towns, the latter were much larger. As a result, in 1980 more than twice as many people lived in housing estates in new towns (55%) than in old towns (22%). Five towns were known to have more than 60% of their populations living in housing estates. (Table 20)

Table 20: Five towns where the population of housing estates makes up more than 60% of the total population (1980)

<b>Dunaújváros</b>	90.0%	<b>Százhalombatta</b>	65.6%
<b>Oroszlány</b>	79.0%	<b>Komló</b>	63.3%
<b>Tatabánya</b>	65.9%		

Source: CSO, 1980: p. 24

Beyond the new (industrial) cities and old towns there was an additional group where according to the plans and ideas, the establishment of the modern socialist way of life was facilitated by urban architectural instruments. As a result of this, at the sites of derelict areas or even old civilian neighbourhoods housing estate projects were launched and industrial facilities grew out of the ground. These interventions brought about such significant changes into the former urban structure that deprived cities from their past urban structure resulting from their earlier organic development and created a distorted structure. All this was confirmed by the arguments of modernity: "The number of actual housing construction is considerably higher than the growth of housing stock. The large-scale housing construction in the last decade [the 1960s], urban planning, the demolition of obsolete residential homes created a large-scale housing demand which was satisfied by new, more streamlined, more responsive to needs housing stock." (CSO, 1970, p. 3) These transformations for example virtually eliminated the historic city centre of Szolnok, the place was taken over by housing



estates. Only a small part remained of the historic city centre of Székesfehérvár, which is surrounded by panel housing estates.

There are differences between the two groups not only in regard to the construction of housing estates but concerning the principles of housing allocation as well. According to the principles of housing allocation it is primarily those in need who should have been given flats in housing estates (blue-collar workers, people living in poor housing conditions and families with several children should have been given priority). However, practically, in the late 1960s and early 1970s families considered as important from certain aspects for the regime were provided housing estate flats in high proportion.

This is indicated by the 1980 census data as well. Of the active blue collar wage earners living in the housing estates of Budapest and in other Hungarian cities 52% were skilled workers, and from white-collar wage earners 47.3% was the ratio of directors and managers. In non-housing estate urban areas the two rates were 59.4% and 38.1% (*CSO, 1980, p. 32*). Thus, it was not social situation, but rather "merits" which was one of the selection criteria in housing allocation (*Konrád-Szelényi, 1969*). As a result, in 1980 intellectuals and other white collar workers lived in 1.5 times higher proportion in the housing estates of old towns than those of new towns. The two town groups therefore, started under differing circumstances and won development resources in a different degree during the period of socialism and, accordingly, faced the regime change with different heritage. That was the past, which created a significant difference between the two town groups and determined (restricted or even opened) more opportunities for them.

### **The features of the transition period (1990-2014)**

The end of the 20th century brought new challenges: cities had to deal with not only the trauma of the regime change but had to respond to impacts of globalization, which became more and more perceivable. In the western and eastern parts of Europe the new towns' successful responses to the challenges were different along different dimensions. Those cities can regard themselves as successful, which have entered a new development path. On the one hand their economic structure transformed,

shifting from traditional industries towards the service sector and the so-called new industries of which labour demand is more relevant to the younger population's, significantly increased educational attainment level in the last 20 years. On the other hand, they managed to stop the decline of city dwellers and the ageing of the population. Thirdly, the socio-spatial structure of the city has remained relatively stable (Uzzoli, 2013). The studied town groups were not immune from global influences to which they could respond in the manner and context of their historical past. In the following sections these changes will be examined in economic and social dimensions.

### *Economic specificities*

The regime change has brought the disruption and the almost total breakdown of the socialist heavy industry. The privatization of large state enterprises slowly, haltingly took place; the involvement of both domestic and foreign capital was particularly low in the new towns. In a short time hundreds of industrial jobs were lost, and as a result, the number of employees had dropped by 22% in new towns and by 15% in old towns by 2001. The difference was due to the fact that a significant part of the new town residents were blue collar labourers whose skills were such that after losing their jobs could usually find it difficult to find employment in other sectors. This is verified by the statistical data of census as well: between 1990 and 2001, the number of (physical) employees in agriculture, industry, construction and other trades in the new towns dropped by 46% and by 49% respectively in the old towns and the proportion of managers, intellectuals and other white collar employees decreased in new towns by 4%, and by 8% in old towns respectively. The decline therefore in both cases was a few percent higher in the old towns, but this was counterbalanced - in fact in total it was shifted towards higher employment numbers – by a significant increase in the number of service-employed workers: in old towns their number increased by 53%, in new cities by 35%. So after the start of the decay of the industrial sector, employees living in old towns having lost their jobs, had greater chances to find themselves a new job in the service sector than those living in new towns. Of course, this also suggests that in old towns building the service sector was faster, while in new towns the survival of the industrial sector and adaptation to the changed conditions were

going on in this period; this can be an explanation for the smaller rate of job losses. The period between 2001 and 2010 did not bring a significant change; the number of employees remained close to the 2001 level. It seemed that the trauma following the regime change could be managed in both town groups and the number of employees has stabilized. However the development progress was halted by the global economic crisis, which after 2008 significantly determined the fate of both old and new towns. One of the most visible consequences of the crisis was the dramatic increase of unemployment; however, this increase did not reach the levels experienced during the transition: while in the country after 1990, nearly 1 million jobs were terminated<sup>8</sup>, in 2008, this figure was only one-tenth of it, approximately.

The unemployment rate at national level rose between 2001-2005, stagnated in 2006-2007 then at the end of 2008 it soared and rose from the value of 7.7% to 10.9% by 2011 (*MPH, 2012*) and then stagnated and once again fell back to 7.7% by 2014. In the case of new towns the national trend seems to be reflected<sup>9</sup>, while the increase was smaller for old towns. Of course, this is (was) primarily in tight coherence with the difference in industrial structure.

In the new towns of the 1990s the average unemployment rate was 1.2-times higher than in old towns, then it started swinging up and down: in the first half of the 2000s, the difference was increasing and then decreasing (1.1) over the period of 2005-2007; it increased again in 2008 (1.3) and with the fading of the crisis it returned to the approximate level of 1.1. Secondly, the inherent entrepreneurial culture, the resumption techniques worked rather well for the inhabitants of old cities while in the new towns' workers these skills were less present. In addition, the state's assistance in saving large companies seemed to create a safe background for the future, which reduced the need for taking individual actions in the labour market.

These data also confirm that the two town groups went on different ways after the regime change. One of the main reasons for this was that the economic and political changes were not simultaneous in the two town groups the new towns the regime

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<sup>8</sup> This included the large group of formerly part-time pensioners amounting to approx. one third of total unemployed. - According to the CSO data.

<sup>9</sup> The unemployment rate from the 6% in 2001 rose to 7.8% in 2008 and 9.9% by 2010 then was stagnating and returned to the 2008 level by 2014.

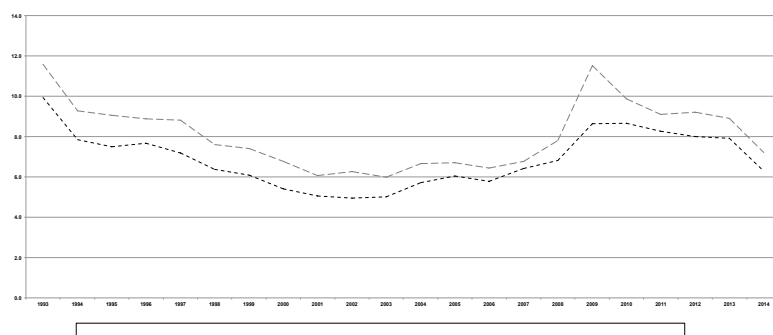
change was protracted or delayed. This is the reason why the city's economic transformation and adaptation to the new conditions started in a different form and pace.

It is no wonder that those towns that underwent economic structuring after the shock of regime change responded differently to the shock of the subsequent global economic crisis because rather those sectors were affected more severely, which in significant proportion were based on less qualified workers (but this is more typical for new towns). Consequently, blue collar and white collar workers were not equally affected by unemployment: within the circle of the registered unemployed the share of manual workers increased significantly.

Even in earlier periods, there was a significant difference between the quotient of the manual and intellectual jobless figures of the two town groups: in the old towns' group the number of blue collar workers within the registered unemployed in 2001 was three times, in the new towns' group 4.7 times higher than the number of white collar workers.

While in the old towns this ratio was almost unchanged between 2001-2008 and in the 2008-2014 period, it increased only slightly, then in new towns it decreased by 2003, was stagnating between 2004 and 2007 and then significantly increased from 2008 and in 2014 it approached the 2001 level. Thus, as a result of differences in occupational structure, the belated economic profile change is reflected in the chances of becoming jobless and its turning into persistent unemployment and significantly limits the manoeuvring scope of new towns.

Figure 42: Unemployment rate (% , 1993-2014)



Source: The author's own edition on the basis of CSO Statistical Information Database.

All in all, in comparison to the regime change the impact of world economic crisis on unemployment and on the „strategy" of becoming jobless should be considered as different at certain points. While after the regime change a considerable part of the unemployed abandoned the labour market (by taking early retirement or going on disability pension or previously had been working as part-time pensioners), of those having lost their jobs as a consequence of the 2008 crisis only a few had the opportunity of doing so (*VMP, 2010*).

After the regime change it is primarily the structural transformation of the economy that can be suspected behind the massive layoffs. It was mainly those groups of workers exposed to the crisis whose work could less be called as stable who were easy to be dismissed who worked at the company with fixed-term or temporary contract or were just hired (*VMP, 2010*).

The impact of the crisis was the most noticeable in the towns or in regions which relatively well survived the post-transitional years: in places where the situation was bad even before 2008 with high unemployment, there was less (further) worsening than in those areas where either (once again) the industrial or the service sector was rising. This is indicated by the fact that while in 2008-2009 in the previously poor conditioned North Hungarian Region unemployment rate increased by 2.2 per cent, in the more prosperous Central Transdanubia region it rose from 5.8 to 10% (*VMP, 2010*).

In both cases, it is the elderly and young entrants, including groups with low educational attainment and without professional qualification that have difficulties in finding a job; they have difficulties in returning back to the labour market (*VMP, 2010*). Thus, it is the uneducated and the younger age groups that are hit significantly by the crisis. Over the past decade, the ratio of high-skilled workers has increased in the composition of the population by educational attainment, and the labour market's demand increased for skilled work of the same kind respectively.

One consequence of this is that for the educated it was relatively easy to get a job but on the other side those who could not join the training level improvement competition, got into a seriously disadvantageous position.

After the regime change with changes in the structure of education, with the mass appearance of young workers with tertiary education, the settling of firms replacing the former socialist industrial companies no longer employed unskilled labour but rather professionally qualified skilled workers and those with GCSE. With this the only option for the uneducated closed down and it started to become clear that after the durable unemployment experienced after the regime change will last for a long time and breaking out of this will (would) be possible only by migrating to an area with greater demand for unskilled labour.

In addition, the settling-in foreign industrial (large) companies besides not absorbing unskilled labour have already diverted the most skilled employees of the region from – even domestic – enterprises. Foreign companies coming to Hungary - especially after 2005 – employ a staff with at least GCE certificate even if filling in the same position abroad does not require it. The reason for this is a positive relationship between the necessary flexibility and a higher level of education. Thus, the post-millennium trends indicate, that although the role of education has significantly changed, higher educational attainment does not automatically guarantee job opportunities. It has been shown that in most cases, it is not enough to retrain the uneducated, semi-skilled and unskilled workers, it is not enough to make them visit courses during the unemployment term because the acquired qualifications may not suit the required and in the given field sought qualifications or does not provide a useable certificate as employers – even besides vocational qualifications - would often welcome or require GCSE (*Csanádi et al, 2011*).

### *Social specificities*

The economic restructuring had a significant impact on urban population growth, as well as on its occupational and demographic composition. The population change is a good indicator of the rise then of the decline of industry and of the manifestation of global impacts. The difference between the population figures of the two town groups

was very significant in the period around the nineteenth century, the time of industrialization: in 1870, 4.3 times, in 1900 3.6 times, in 1949 2.1 times as many people lived in the group of old towns than of the new.

The forced industrialization of socialism, which strongly affected the new towns, was entailed by the settling in of population in significant number which resulted in an almost complete disappearance of difference between the two town groups by 1970. Later on this minimal difference, because of the global trend of urban population decrease, even further shrank and disappeared by the year of 2014. The change was therefore launched by the practice of socialist urban development policy and was completed by the processes of the millennium; practically eliminating one of the significant differences between the two groups (Table 21).

Table X: The relative size of the old towns' permanent population compared to the group of new towns from 1930 to 2014. (New cities = 1)

1930	1941	1949	1960	1970	1980	1990	2001	2014
2.7	2.5	2.1	1.3	1.1	1.1	1.1	1.1	1.0

*Source: The author's own edition on the basis of CSO Census data.*

While during the socialist era the reduction in the gap was caused by the difference in intensity of population growth, long after the political changes it was the difference in population decline that became the main reason. In both groups the number of residential population started to decline but the larger population losses were accounted in the new towns: their population during twenty years shrank by 12%, whereas in the old towns the degree of decrease was only by 5%. (Of course, the dispersion of population decline in the town groups is significant: for the new towns the maximum decline was 22.6% while for the old towns it was 14.1%).

There is also a difference between the two groups in the trend of decline: the new towns had seen a slow decrease until 1996 and then it plummeted by 2014, which was broken by stagnation only in one year (2004) (Figure 43). In contrast, the old towns show a slow downward trend line without any major breaks, which since 2003 has essentially become stagnant. (Figure 43)

Figure 43: Changes in the permanent population of new and old towns (from 1990 to 2014, people)

Z. Ábra Áz Új é

*Source: the author's own edition on the basis of Statistical Information Database*

The change in the population in a negative way, of course, means that births and immigrations cannot offset the decline caused by death and outmigration. The direction of the migration in the period 1990-2010 - as in the previous socialist period - was east-west. The winners of the internal migration were the advanced, and the losers were the less developed areas.

The population absorption power of Budapest slowly disappeared after the regime change and until 2006 the outmigration was the stronger factor. This was followed by stagnation, and a slight moving in surplus by 2010. The migration difference trend of villages moved in the opposite way: at first they were migration winners and then became losers (*Monostori et al, 2015*).

New towns were facing significantly higher net migration loss than old towns, but the dynamism of loss was much more "hectic" than in the curve of permanent population figures. The new towns in the middle of the 1990s (1996-1998) significantly reduced their negative migration margin and for a short time they got near to the - collapsing at the beginning of the period, and only slowly improving - indexes of the old towns. Then around 1999 they again dropped to the level of high negative migration margin shown around 1994, and around 2002-2003 an even more significant deterioration was experienced.

The old towns during the same period produced an undulating curve with relatively small amplitudes, then from 2003 to 2008 a significantly positive trend can be observed. At the end of the research period the increasingly more positive trend of old towns was followed by new towns with a three to four year delay: their average negative migration margin was significantly reduced even if they did not succeed in getting into the positive range.

The underlying reasons may be diverse, of which one of the most powerful ones is the impact of the for a short time rising and then falling industrial production in new



towns on manpower demand. In the old towns these fluctuations are smaller. This is partly because there were no changes demanding such large-scale changes in manpower during the booming and declining periods.

### *Ageing society*

The decline in urban population is closely linked to the ageing population, which is not a unique post-socialist phenomenon, but a trend<sup>10</sup> that is characteristic for developed countries which in the last decade is more and more strongly felt in Hungary as well. In the European Union statistics – unlike in the one used here - old age category is starting not from the age of 60, but 65.

The proportion of the population aged 65 and over in the EU-27 in 2010 was 17.4%, and according to preliminary calculations in 2050 it will increase to 28.8% and then to 30% by 2060. In Hungary, the ageing of society and within this of communities has accelerated after the regime change: the proportion of the population aged 65 increased from the 13.2% in 1990 to 17.5% in 2014.

According to the projection of researchers of demography by 2050 their ratio will increase to 29.4% by 2050 and to 31.9% in 2060 (*Monostori, 2015*). There are several statistical indices and indexes to monitor the changes of ageing processes beyond the ratio of 60 or 65 years and older population, of which we are going to use the ageing index, now, the value of which in Hungary rose from 64.5% in 1990 to 123.6% in 2014, strongly indicating the dominance of the elderly.

The socialist new towns even at the regime change had a surplus of as many young people, which kept the value of this index relatively low (59%). In contrast, old cities had relatively old population even in 1990, with the 94.4% value of ageing index. At that time the difference in ageing index between the two town groups was 1.6 times, which twenty years later decreased to 1.1-fold in 2014, in such a way that both town

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<sup>10</sup> The age structure of society is in change, and the proportion of the elderly will grow at an increasing speed in the future. The meaning of the term old will get a different interpretation as with the delaying of retirement, and with childbearing at a later age the length and interrelationship of life stages will also change.

group's index rose sharply. The new cities' ageing index increased to 176.8% and that of the old cities to 190.9%.

The new towns thus lost their former advantages, the image of a young city able to employ many active aged, and entered the row of rapidly ageing cities. Ageing thus in both town groups is a phenomenon which in the coming years is increasingly necessary to deal with, and it raises the necessity of strengthening the social network and services as well as to prevent the massive social impoverishment of the elderly.

### *The transformation of spatial and social structure*

After the regime change the former social-spatial structure has undergone a rapid transformation, which resulted in the exodus, the ageing population, rising unemployment, on the one hand, and new housing constructions and simultaneously the decreasing value of housing estates on the other hand. By the mid-1990s state housing constructions, the building of housing estates under socialist mega investment projects gradually ceased. Within this, mainly the markets of major housing investments dropped to a minimum level for nearly ten years, but following the millennium as a result of the growing investor interest housing construction started again with the construction of block type flats. The number of newly built homes fell significantly in both town groups between 1990 and 1993. In old cities it started to increase again in 1994, and the pace of construction stagnated around the millennium. In new towns the number of homes started to rise again since 1996. Over the next decade in both urban groups - following the housing market boom – for some time the number of homes built increased; the growth was higher in the old towns than in the new towns.

However, after 2008, as a result of the crisis-effects housing construction fell back approximately to the 1992 level. Overall, in the group of old towns between 1990 and 2000 2.4 times, from 2001 to 2010 1.5 times as many homes were built as in the new towns during the total period, this means a 1.8-fold difference.

Thus, it seems that the housing market underwent a significant change after the political change, and in the studied cities the new, coveted, modern forms of architecture also appeared: large family houses and condominium apartments. The intensity of building was higher in the case of old cities, and by 2011 the differences

between the numbers of homes had levelled out between the two groups: in both groups more than 140.000 apartments were built.

The composition of homes by the number of rooms was more favourable in the group of old towns, since the ratio of 3-roomed or more than 3-roomed apartments is much higher (53%, compared to 36%). Similarly to the housing estates built previously under socialist mega projects, these new forms of construction contributed to changes in the urban spatial and social structure, though, due to their size and their positions in the urban structure, they were less significant.

The lack of rental housing, which is rooted in housing privatization, but inseparable from the construction of new homes establishing the real estate market boom - more and more often emerging in professional discourses – is a more and more urgent problem. However, during housing privatization<sup>11</sup> only 15% of the rental housing stock was privatized between 1980 and 1990.

In 1990, with the Local Government Act – as it transferred the formerly state-owned flats under the jurisdiction of municipalities - and with the 1993 Housing Act<sup>12</sup>- which regulated the leasing and disposal of flats - this process soared.

By 2001 80% of the 1990 housing stock went over into the hands of the new owner, and thus, a significant part of the public housing property was sold. The remaining housing stock generally consisted of low-comfort flats in the worst parts of the place; however, after 2001 24% was still purchased.

In 2011, on national level, the number of public rental housing only slightly exceeded 100,000. Behind the surge of purchases was not only the desire for private property, but some indirect coercion because the tenants due to the precarious situation feared that the government in the near future, may increase rent fees drastically; therefore

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<sup>11</sup>The history of privatization process in Hungary dates back to 1969: it was the year of passing a government decree, which allowed the privatization of less than 12 apartment buildings. However, at that time it had no significant effect on the ownership structure. According to the 1970 and 1980 census, 25-26% of the country's housing stock was public rental housing (This meant approx. 800,000 flats in 1970, and slightly more than 860,000 homes in 1990). By the early 1980s the limit of 12 flats was abolished, and thus the way opened to a genuine privatization (*Hegedűs-Tosics, 1996*).

<sup>12</sup>1993 LXXVIII. Act. Until 30 November 1995 only the resident tenants of the apartment had the opportunity to purchase it, but later on this restriction was also abolished.

collecting all their financial resources they rather bought their apartments (*Farkas–Vajda–Vita, 1997*).

Following the privatization, thus the ownership structure of the country's housing stock has changed significantly: while in 1980 25% of the apartments were owned by municipalities, this proportion reduced to 19% by 1990, then in 2001 fell to 3.7% and by 2014 shrank further (2.9%).

The reduction in the number of public rental housing in both town groups took a swing after 1990 and by 2013 fell to 4.5% in new towns, and 3.7% in the old towns.

Investment spirit therefore significantly rose between 2004 and 2008: investments were targeted mainly at gated communities and newly built condominiums attached to downtown rehabilitation projects which have become a market form of mass housing construction. The quickly rising migration spirit due to the favourable credit facilities has resulted in greater mobility. Although there is a great demand for the new form of housing, moving to a new apartment can be afforded by only a fraction; a much larger proportion of home buyers purchase used flats and very high, one-third is the proportion of those who changed their flats without purchase.

Presumably mobile population moved towards the more prosperous parts of settlements, to newly built homes and to the suburbs from the panel housing estates. Panel housing estates can still be purchased relatively cheaply, although their maintenance incurs high costs. Due to the retreat of housing investments after the 2008 crisis, the shortage of housing loans for young people living independently is becoming more and more difficult.

Increasing the number of rented homes could be a significant help in starting a new life, or in selecting an adequate housing for family growth. In both town groups the rental housing market is taking over the function of public rental housing only with difficulties and slowly.

*The impacts on urban policy*

During this period, settlements belonging to the group of new towns received a total of 3,333 times support (303 units per settlement), with 55.4% of domestic resources. Old towns received 1.6 times as much support (5,261 units, an average of 478/settlement), of which 59.4% were from domestic resources.

The difference in the intensity of support suggests that old cities on the one hand were more reliant on writing proposals, since the development of the city could not get money from other sources. In contrast, new towns and by making agreements with actors of industry and foreign investors had better chances for accessing those resources that contributed to the city's development. On the other hand, in the case of old cities more intellectual capital was available for lobbying and writing applications. Old cities were also in a better position in the 2007-2012 period: they received funding under 1.8 times more from EU projects than new cities (1988 pcs). The amount of support awarded is also much higher, it was 2.2 times more in the case of old cities and the contracted amount was also slightly higher (97% of the amount awarded, in contrast to the new towns' 91%). Both town groups are equal in terms that only 72% of the projects awarded has been implemented.

These data mostly show tender activities and their success. Old cities were in a better position, not only because they won more tenders, but also because they could spend larger sums for development.

The urban development parts of applications have made it possible for a significant part of city managers and planners to work on projects, which (can) transform significantly for a shorter or longer term the cityscape, the use of city and often the social composition as well. Among the proposals there were calls for urban rehabilitation activities, which can also mean a breakthrough in the current rehabilitation practice<sup>13</sup>, the more so, because the implementation of functions

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<sup>13</sup> It is because in the previous period it was almost exclusively the market investors who were able to ensure a relatively significant source for urban development. However, their special interests are necessarily such that for all of the goodwill of local decision-making and urban planning - according to many sociological studies - this would result in the removal of low-status population from the rehabilitation area. This process might even bring success for certain local authorities, but as the problem is "exported" on the one hand, it is not a real solution, on the other hand, it is likely to result in accumulating more serious, more expensively manageable tensions in the country as a whole.

expanding rehabilitation (popular among cities) has been linked together by the implementation of a social urban rehabilitation project (*Kéziköny, 2009*).

Every town has a to some extent deteriorated part (so-called crisis area) or segregated zone where the largest proportion of Roma live; improving their social situation is one of the key priorities of social urban rehabilitation projects. The proportion of Roma within the total population is currently available only in the 2011 census data.

It is well known that these figures significantly underestimate the Roma population. Despite this, they can give at least some view on the magnitude of differences between town groups and towns. The proportion of Roma population in new towns is 1.6 times higher (3.6%) than in old towns (2.2%).

As a result of the EU regulation, on the one hand, housing estates, on the other hand degraded urban areas are included in the Integrated Urban Development Strategy of several towns as an action area on which they intend to perform in the near future some kind of rehabilitation (or have already done it).

### *Regional roles*

These settlements have already had some kind of regional organization power under the socialist regime. Until 2012 the members of both town groups - with the exception of Százhalombatta - were micro regional centres<sup>14</sup>. In this capacity they were the major employers, health service and educational centres of their area (or even their micro region) and the venues of shopping and various services.

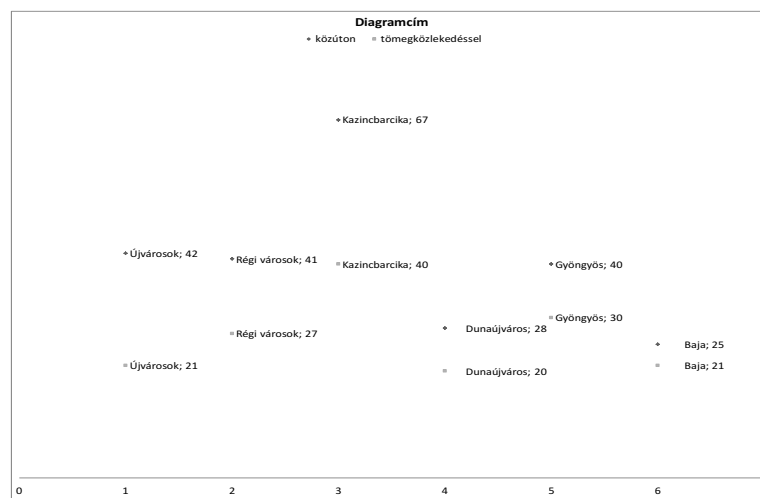
The complexity of these functional relationships and their functioning significantly affects how easy it is to get from one settlement to another. This is influenced by the fact how the studied city can perform its central functional roles and in the given case how the neighbouring settlements' residential and recreational functions can be connected to the settlement performing central role.

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<sup>14</sup> Although since 1 January 2013 the microregional system has been replaced by the former district system. However, data are not yet available on the effect this change will have on suburban connections.

This relationship was examined by (not independent of regional conditions) road accessibility. Between the two town groups there is no significant difference in the number of surrounding villages accessible by road in half an hour: both groups have an average of 41-42 settlements located in the surroundings of the studied towns (Figure 44). However, due to the differences<sup>15</sup> in their physical and settlement geographical features there were significant differences within each group.

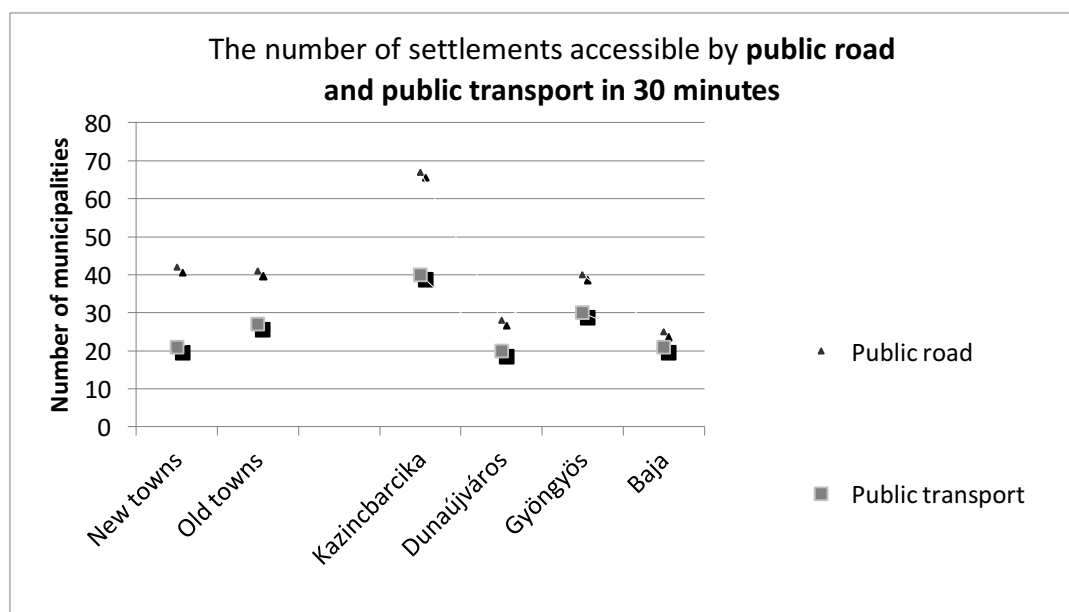
Figure 44: Transport integration in old and new towns (2012, minutes)



Source: The author's own calculation on the basis of KSH **T-STAR database**

Figure 44: Transport integration in old and new towns (2012)

<sup>15</sup> Natural geographical feature: riverside – hillside location. Settlement geographical feature: small-sized Transdanubian – greater sized Great Plain settlement area



Source: The author's own calculation on the basis of CSO-TEIR database

The most significant difference is found in the accessibility of public transport: the integration index<sup>16</sup> of public transport is about a quarter higher in the old towns (63) than in the new ones (51). This means that in inter-settlement relations organic development has created more intense, more established systems than those created in the new towns where among others the establishment of a central city role was also an essential part of the explicit goals of urban development.

It should also be observed that from this point of view new towns show a more homogenous picture than the old towns<sup>17</sup>, which had run a traditional development path. The geographical and historical heritage in the old towns play a greater role (see for example the case of Szentendre) than in the new ones, where one can face the consequences of a conscious - often rather forced - development.

The operability of central function hereinafter is worth exploring in the context of jobs (employment and the number of businesses), services and the role in the health

<sup>16</sup> The public transport integration index is a ratio of the number of municipalities accessible by public transport in a given period of time compared to the number of all municipalities accessible by public transport during the same time period. This can be expressed by the formula as follows:

$$PTINT_{30} = 100 \cdot PTNUM_{30} / TNUM_{30}$$

Where PTINT is the index of the respective time interval (Public transport integration at defined time-level), PTNUM and TNUM represent the corresponding case numbers indicating the number of settlements accessible by public transport and by road within a given period of time.

<sup>17</sup> The variance of PTINT indicator in new towns is only about two-thirds (233) of the one experienced in old towns (328), i.e. old towns are more heterogeneous in this respect.



care system. The disintegration of industry after the regime change occurred not all at once, and not to the same extent in the studied town groups. New towns were hoping for a longer time that heavy industry does not disappear completely, but it - or at least some of its parts - will further be run by state or private investors.

As the case studies of this book indicate, the transition was not easy, maintaining industrial jobs involved ownership changes which brought about the arising of several conflicts, and still one cannot be sure whether the given industrial sector in the coming years will provide secure livelihood for the local employees.

The data indicate that in the new towns industrial jobs in 2001 were able to maintain their leading role: the share of employment in the aggregated statistics of industry and construction was 47.6%, compared to the one-third in the old towns. The share of employed in the service sector accordingly was larger in old towns; 64.6%, compared to 51% in the new towns.

The globalized world put new industries in place of the old ones - including the so-called creative industries - and the establishment of this new type of industrial production was facilitated in all settlements by the construction of industrial parks. In this respect there are no differences between the two town groups.

In all towns at least one industrial park was established. Only a few towns were in the fortunate position that larger enterprises continued their previous industrial activity, in several towns smaller enterprises have become the employers of the local population.

The Central Statistical Office's data are less suitable to verify<sup>18</sup> this, but it is worth seeing how the number of businesses changed in the 1990s and in the post-millennium period because the problems with data do not make the comparison between town groups unrealistic. Between the two town groups in terms of the number of businesses there were larger differences in the 1990s.

In both cases, their number steadily declined, but in the old towns' group there were significantly more (1.6 times) until 1995, and then only slightly more (1.3 times)

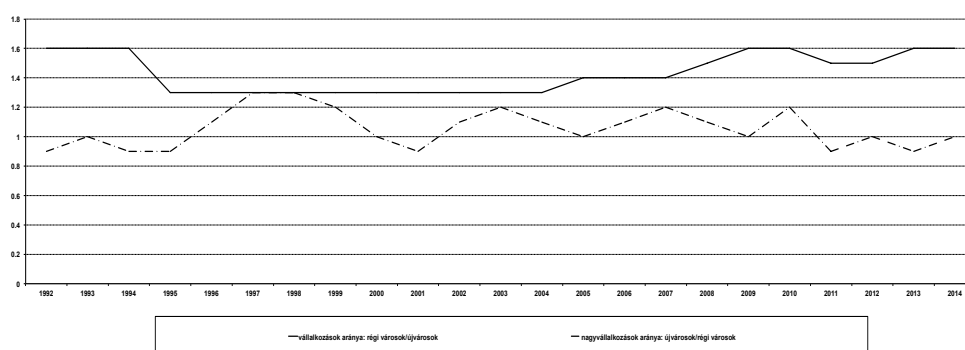
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<sup>18</sup> The Central Statistical Office's collection and communication of the number of businesses under varying conditions for certain years limits the possibilities of the analysis and comparison of clustered data. (For example, until 1998 the CSO communicated the total number of operating and then of registered enterprises in different size groups: until 1990 enterprises with 300 and more people, and from 1999 businesses with 250 and more employees and later on with a staff of 500 or more belong to the highest category.) Because of the many uncertainties we selected this simple form of analysis.

operating businesses (Figure 45). This difference remained constant until 2004 and then until 2010 increased to 2.6-fold. It seems that the group of enterprises in the new towns were more strongly hit by the economic crisis; at the end of this decade the number of registered enterprises in this group decreased, while in the group of old towns it was even slightly increasing.

This, of course, can be explained by the increase in the number of forced businesses, which however, at the same time, can be taken as a kind of response which under the circumstances of the old towns' more embedded entrepreneurial traditions can be a better choice than in the case of new towns.

Figure 45: The number of enterprises in new towns and old towns in relation to each other



Source: The author's own edition based on CSO Statistical Information Database

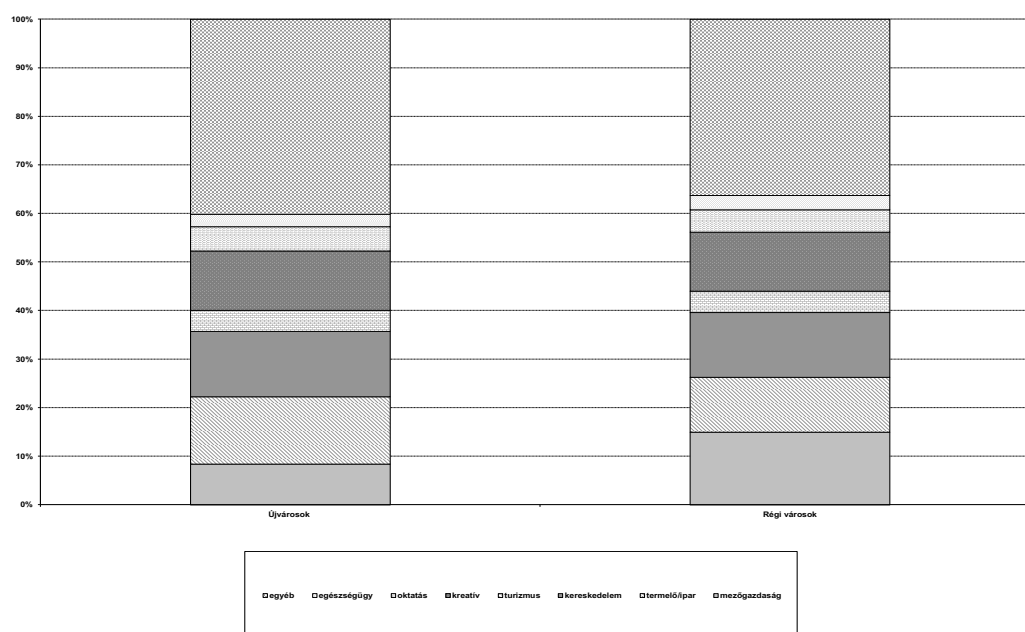
This effect can be eliminated to some extent if we examine the large businesses' relationship figures between the two town groups. The numbers ranged from 0.9-1.7, and this indicates that in new towns, although with smaller fluctuations, but there were more large (with over 250 employees) businesses during almost the whole research period. We have data on the number of registered enterprises employing more than 500 people covering only the last few years, but it also indicates that really big companies have settled in larger number in the new towns than in the old ones. This figure by 2014 decreased to 25 and 11, which in turn means that some large businesses operating in the new towns were more sensitive to the crisis.

The heavy industrial past, or its absence thereof even twenty years after the regime change limits and determines the direction a settlement's economy could develop and

also how much benefit it can draw from it. The regional dimension proved to have stronger influence than the new-old town dimension. (*Károlyi 2011*) A further analysis on the type of businesses should reveal what the trends are in 2014, in the business profiles in the field of agriculture, industry and services (Figure 46).

In the industrial sector<sup>19</sup> they show the same proportions as seen above: the ratio of the proportion of businesses profiled in the industrial sector was higher in new towns in 2014 (13.9%) than in the old towns (11.3%), while the proportion of enterprises engaged in agriculture was 1.7 times higher in the latter ones (14.9%).

Figure 46: The proportion of business sectors within the total of businesses, 2014 (%)



Source: The author's own edition based on CSO Statistical Information Database

The local residents and the population of surrounding settlements often go shopping into the regional centre which means a relatively high solvent demand. There was no difference between the town groups in the proportion of commercial enterprises (13-13%) in 2014. There was neither any difference in offers: in both groups 116 stores were counted, and the figures of hypermarkets were also similar (14 to 12 in new and old towns respectively).

<sup>19</sup> Mining, quarrying, manufacturing, electricity, gas, steam supply, air conditioning, water supply, sewage treatment, waste management and remediation activities, construction.

Public and higher education institutions play a very important role in the life of small towns and cities. The central function can be detected along this dimension as well, and the proportion of non-resident students per local students shows significant differences between the two town groups: in the new towns it is 22.7% while in the old towns it is considerably higher, 35.5%.

In the 21st century tourism is one of the leading sectors, which for many - mainly rural, small – towns may arise as an opportunity to break out from crisis. With the emergence of the European Union's funds those tenders have also been announced that support the strengthening of countryside and rural tourism. Under this framework a lot of rural towns have opened a spa, a wellness centre or a waterpark: two in new towns and three in old towns. In 2014 the proportion of registered enterprises specialized in tourism and catering industry was 4.3-4.4% (the two new towns with near average and the other two towns with slightly below average ratios 3.5-3.6%) in both town groups. In new (industrial) cities a special, and today more and more fashionable branch of tourism may also appear; it is visiting run-down factories and their attached housing estates<sup>20</sup>.

Therefore, with regard to the central role, there is no significant difference between the two town groups, although the members of the old towns' group are more accessible, the agglomeration settlements are more integrated from the aspects of public transportation. In the new towns' group the share of industrial and large companies is still significant within the business sector. In the old towns the share of agricultural enterprises is more significant.

In other areas there is no significant difference between the groups, but there might be some on the level of individual municipalities. Within the service sector, there is not any difference between the two groups either in the number of businesses operating in trade, education and health care. However, there is difference between them in the amount of external funds awarded for urban development: in this field the old towns' group performs much better.

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<sup>20</sup> Some of the former socialist industrial towns in recent times have become a tourist destination especially for young people visiting from the US and Western Europe: Nowa Huta, Poruba, Eisenhüttenstadt and Dunaújváros.

## Conclusions

This paper has revealed the differences between the development paths and the different adaptation strategies of the socialist new towns' and old towns' group. It is an important finding, that the transformations in the urban structure of the last more than 100 years can be divided into three major periods: industrialization in the late nineteenth century, the socialist (partly forced) industrialization (with the construction of attached housing estates), and post-transition development period. In the first period the still in use city centres of traditional towns were built with those public buildings that still fulfil their original functions.

In addition, those industries had developed which the socialist planned economy was built on later. Under socialism, the settling of industry and the construction of panel housing estates significantly transformed the former structure, and (particularly in new towns) the constraints created by central directives have created distorted urban structures instead of organic urban development. The arrival of "freedom" after the regime change could introduce or could have introduced a practice of urban development being similar to that of in western democracies.

The analysis has confirmed that there are historically determined differences between the two town groups. A group of old towns in terms of population composition and functions went through the classical urban development path from the 1800s onwards. The impacts of socialist planned economy on urban structure and society could change this progress only by slowing down the process of development. These towns with more or less delay were able to adapt to changing circumstances, even after the change of regime. The new towns had no historical origins, they were created by the socialist industrialization policy; a considerable proportion of them previously existed only as adjacent villages on the map of the country. A significant part of attention and resources were focused on these towns for some decades which resulted in their unconventional urban structure and a growing population number.

After the regime with the cessation of heavy industry these towns were in the worst position, they suffered the greatest trauma. The attempt of foreign investors, arriving from the mid-1990s, to maintain the former activities in a certain sense and degree

was not successful on the long run. The prosperity of the early 2000s was felt in every town but the global economic crisis had its impact on these towns to various extents. In this case the difference predominantly was seen not between the two town groups but rather between individual municipalities. In general, it can be said that municipalities facing more serious trauma at the regime change have become more adaptable than those having suffered less trauma. Both town groups have towns that are more adaptable and more successful and there are also some that proved to be less successful (Table 22).

Table 22: The categorization of the two town groups' members by the degree of development<sup>21</sup>

	<b>Advanced</b>	<b>Stagnant</b>	<b>Declining</b>
New towns' group	Paks, Százhalombatta, Tiszaújváros	Ajka, Dunaújváros, Oroszlány, Tatabánya, Várpalota	Kazincbarcika, Komló, Ózd
Old towns	Esztergom, Szentendre	Baja, Eger, Pápa, Szekszárd, Tata	Dombóvár, Gyöngyös, Mezőkövesd, Mohács

Source: edited by P. Baji based on CSO T-STAR database<sup>22</sup> and CSO complex index

The first (advanced) group contains only three new towns; towns where industry as a greenfield investment settled in next to a small village (Paks, Százhalombatta, Tiszaújváros) developing it into a major industrial town. However, Dunaújváros, which both by its history and development policy belongs to the above three towns, has been put among stagnant cities. In addition, four cities have been here, which can be divided into two groups.

<sup>21</sup> The grouping was made by aggregating the statistical indicators used in the paper.

<sup>22</sup> Data grouping was done by Peter Baji using the following method: The specific indicators in towns were transformed to an ordinal scale where the best indicator was put on the 1st, and the worst was put on the 11th place, and then these were averaged. Both his own and the CSO index led to the same result.

The first group consists of those where modern industry has already been built in the second half of the 1800s (Ajka: glass factory, krypton factory) or had civilian origin (Várpalota). The other group's members are those towns where the main profile was coal mining (Oroszlány and Tatabánya), which at the time of regime change almost immediately decayed and therefore these towns were forced to carry out a profile change at once. The capital city's proximity, the extension of its metropolitan agglomeration, the logistics industry, which found the optimal location between Budapest, Győr and Tatabánya have played an increasingly important role in improving the situation of these towns in recent years.

There are three new towns (Kazincbarcika, Komló, Ózd) among the declining ones, they are the least able to break out of their current situation. In these towns the industry was based on mining, with links to some manufacturing industry (power plants, steel production, chemical combine). After the regime change manufacturing industry was not completely shut down, although the loss of jobs was significant; however, the global economic crisis brought another trauma, further weakening industrial production. Of the old cities the two smaller ones with some spectacular special functions (art, tourism, and religion) have become successful.

The stagnant town group includes towns with various backgrounds; some of them are "pulled up" by the capital city's proximity (Eger, Tata), some of them are kept on the surface by their strong central role (Baja, Pápa, Szekszárd).

The declining group has four old towns, their today's situation goes back to their history: Mohács because of its frontier zone situation can get rid of its past with difficulties. The position of Gyöngyös among traditional towns is limited by its strong industrial past because industrial restructuring was delayed and due to this it has fallen behind in the race with the surrounding settlements. Dombóvár and Mezőkövesd in the proximity of several other important central settlements can find their own place only with difficulties.

It seems that the urban development process significantly limits the ways and possibilities a town can respond to the crisis and that may determine its further development. This is indicated by the fact that out of the new towns two with

traditional small town roots developing into socialist industrial towns became prosperous, (Paks advanced, and Várpalota stagnant). Those towns that had significant industry and virtually no urban past were established as greenfield investments; they were also able to be more successful because they managed to utilize their strong socialist heritage. The towns going through a hybrid, interrupted or stalled development path were less successful. In their case the situation awareness and the rapid response capacity of the post-transitional town leaders had greater role in success.

This is because the transformation of towns was greatly influenced by how much capital investors direct(ed) in the area, what industrial and service establishments, what kind of homes are built, and what urban planning interventions are planned and implemented. In addition, how wisely city officials and local economic operators were able to utilize the EU and national forms of support during the past almost 10 years and to what extent they were able to exploit them.



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